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SUBJECT: MEDIA REACTION: U.S. - CHINA RELATIONS, U.S. MILITARY
SPENDING, IRAN

Editorial Quotes

11. U.S. - CHINA RELATIONS

"We should not allow the United States' Medicare to drag down China"

The official Communist Party international news publication Global Times (Huanqiu Shibao)(12/28)(pg 14): "No health care reform in the world can evade this question: where does the money come from? China, which holds \$800 billion in US Treasury bonds, must watch carefully as U.S. President Obama's health care reform plan is executed. At this crucial time, the United States will for sure request China to continue buying U.S. Treasury bonds. And if the United States still suffers a lack of funding in the coming years, it will ask for even more. China should by no means presume that because the United States needs China's 'financial support' it will take better care of China's interests. In fact, the United States' 'internal strife' on health care reform has already impacted China's interests. This summer, Obama obtained U.S. trade unions' support for his health care reform by taking 'protective measures' and sacrificing the interests of Chinese enterprises. In the future, we have every reason to be concerned that Washington, in order to secure sufficient revenue, may once again make China a victim on issues like trade, climate change, human rights and arms sales to Taiwan."

12. U.S. MILITARY SPENDING

"Comments on increased military expenditures by the United States"

The official Communist Party People's Daily (Renmin Ribao)(12/28)(pg 13): "The current financial crisis has not put a crimp on defense spending. Professor Zhang Zhaozhong of the Chinese National Defense University said that increased U.S. military spending is aimed to meet both short-term needs and long-term goals. Short-term needs, Zhang noted, are related to 'two wars' (the Afghan War and the Iraq War) as well as 'two issues' (the Iranian nuclear issue and the DPRK nuclear issue). The United States' long-term considerations are related to its fallen influence over international politics, economic and cultural affairs. Therefore, the United States needs to maintain its edge through superb military capacity. We can predict that next year's arms market will be even more prosperous and if that trend continues, an arms race is likely to occur in the future."

13. IRAN

"There will be no turning point without compromise"

The official Communist Party People's Daily (Renmin Ribao)(12/28)(pg 3): "The Iranian nuclear issue has not entered a stalemate yet, and there is still room to maneuver. First, the United States did not want to promote legislation imposing sanctions on Iran. The new

U.S. policy for engagement and dialogue with Iran is less than one year old and the United States does not want to let it die. Second, the Iranian government is restrained from making any compromise by its domestic affairs. Third, all parties concerned have their own agenda. Last but not least, there is still space for negotiations on the uranium exchange deal. In order to break the dead-locked Iranian nuclear issue, all involved parties - especially the United States and Iran - should continue exchanging ideas and seeking compromise. The United States and Europe should maintain patience and recognize the complex nature of this issue, resolving it through dialogue rather than sanctions."

GOLDBERG